



Arnold Schwarzenegger  
Governor

October 8, 2010  
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Mr. Jason Buckingham  
Golden Sierra Job Training Agency  
11549 F Avenue  
Auburn, CA 95603

Dear Mr. Buckingham:

WORKFORCE INVESTMENT ACT  
FISCAL AND PROCUREMENT REVIEW  
FINAL MONITORING REPORT  
PROGRAM YEAR 2008-09

This is to inform you of the results of our review for Program Year (PY) 2008-09 of the Golden Sierra Job Training Agency's (Golden Sierra) Workforce Investment Act (WIA) grant financial management and procurement systems. This review was conducted by Mr. Larry Yanni from June 29, 2009, through July 2, 2009. For the fiscal portion of the review, we focused on the following areas: fiscal policies and procedures, accounting system, reporting, program income, expenditures, internal control, allowable costs, cash management, cost allocation, indirect costs, cost/resource sharing, fiscal monitoring of subrecipients, single audit and audit resolution policies and procedures for its subrecipients, and written internal management procedures. For the procurement portion of the review, we examined procurement policies and procedures, methods of procurement, procurement competition and selection of service providers, cost and price analyses, contract terms and agreements, and property management.

Our review was conducted under the authority of Section 667.410(b)(1), (2) & (3) of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by Golden Sierra with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding financial management and procurement for PY 2008-09.

We collected the information for this report through interviews with representatives of Golden Sierra, a review of applicable policies and procedures, and a review of documentation retained by Golden Sierra for a sample of expenditures and procurements for PY 2008-09.

We received your response to our draft report on June 25, 2010, and reviewed your comments and documentation before finalizing this report. Because your response adequately addressed the findings cited in the draft report, no further action is required and we consider the issues resolved.

### **BACKGROUND**

The Golden Sierra was awarded WIA funds to administer a comprehensive workforce investment system by way of streamlining services through the One-Stop delivery system. For PY 2008-09, Golden Sierra was allocated: \$671,089 to serve 130 adult participants; \$681,257 to serve 45 youth participants; and \$1,317,948 to serve 115 dislocated worker participants.

For the quarter ending March 30, 2009, Golden Sierra reported the following expenditures and enrollments for its WIA programs: \$404,239 to serve 127 adult participants; \$398,560 to serve 82 youth participants; and \$965,459 to serve 64 dislocated worker participants.

### **FISCAL REVIEW RESULTS**

We conclude that, overall, the Golden Sierra is meeting applicable WIA requirements concerning financial management.

### **PROCUREMENT REVIEW RESULTS**

While we concluded that, overall, Golden Sierra is meeting applicable WIA requirements concerning procurement, we noted instances of noncompliance in the following areas: small purchase, contract provisions, and inventory. The findings that we identified in these areas, our recommendations, and Golden Sierra's proposed resolution of the findings are specified below.

#### **FINDING 1**

**Requirement:** 29 CFR Section 97.32(b) states, in part, that a State will use, manage, and dispose of equipment acquired under a grant by the State in accordance with State laws and procedures.

29 CFR Section 97.36(b)(4) states, in part, where appropriate, an analysis will be made to lease versus purchase alternatives to determine the most economical approach:

WIAD03-09 states, in part, that subrecipients must receive prior approval for any property purchase with a per unit cost of \$5000 or more from the awarding agency.

**Observation:** We observed that Golden Sierra procured a server from Legacy Solutions Inc. in the amount of \$14,305.60 in 2009. Golden Sierra was unable to provide documentation showing that it received prior approval from the State to charge these costs to WIA. In addition, Golden Sierra was unable to provide documentation showing that it performed a lease versus purchase comparison.

**Recommendation:** We recommended that the Golden Sierra provide documentation to the Compliance Review Office (CRO) showing that this purchase was approved by the State and that a lease versus purchase comparison was conducted.

**Golden Sierra Response:** The Golden Sierra stated that this purchase was approved by the State. Furthermore, Golden Sierra provided documentation to CRO indicating that the Workforce Services Branch had issued a retroactive approval for the purchase of the Legacy Solutions server.

**State Conclusion:** We consider this finding resolved.

## FINDING 2

**Requirement:** 29 CFR Section 97.36(i)(3) states, in part, that grantee and subgrantee contracts must contain the provision that it will be in compliance with Executive Order (EO) 11246 of September 24, 1965, entitled "Equal Employment Opportunity," (EEO) as amended by E.O. 11375 of October 13, 1967, and as supplemented in Department of Labor regulations (41 CFR chapter 60).

20 CFR Section 667.200(d) states, in part, that all WIA Title-I grant recipients and subrecipients must comply with the government-wide requirements for drug-free workplace.

**Observation:** We reviewed Golden Sierra's PY 2008-09 contracts with Linda Bautista and Michael Indiveri and found they were missing a contract provision and required certification. Specifically, these

two contracts did not have the EEO reference to amendment 11375 or a drug-free workplace certification.

**Recommendation:** We recommended that Golden Sierra provide CRO with a Corrective Action Plan (CAP), including a timeline, to update its contract provisions to include reference to EO 11246 as amended by EO 11375 and provide documentation certifying a drug-free workplace for the aforementioned contracts. Additionally, we recommended that Golden Sierra revise its current contracts, including Linda Bautista and Michael Indiveri, and provide CRO documentation of its action.

**Golden Sierra Response:** The Golden Sierra provided CRO with a CAP. Furthermore, Golden Sierra updated its contract provisions to include reference to EO 11246 as amended by EO 11375 and provided documentation certifying a drug-free workplace for the aforementioned contracts. Additionally, Golden Sierra revised its current contracts, including Linda Bautista and Michael Indiveri, and provided CRO documentation of its action.

**State Conclusion:** We consider this finding resolved.

### FINDING 3

**Requirement:** 29 CFR 97.20(b)(3) states, in part, that grantees and subgrantees must maintain effective control and accountability for all property and other assets. Grantees and subgrantees must safeguard all property and must assure that it is used solely for authorized purposes.

WIAD03-9 states, in part, that subrecipients must maintain accurate inventory records of all equipment purchased with federal funds. All equipment should have a unique identification mark to be used for inventory purposes and a physical property inventory must be taken and reconciled with the property records at least once every two years.

**Observation:** We reviewed Golden Sierra's inventory records and selected 10 pieces of equipment/supplies to physically verify the location and safeguards implemented for the equipment/supplies. We were unable to locate three of the ten pieces selected, specifically two printers and one monitor.

**Recommendation:** We recommended that Golden Sierra provide CRO with documentation demonstrating the location and use of the monitor and the printers. Additionally, we recommended that Golden Sierra provide a CAP to ensure that, in the future, Golden Sierra property and supply management system maintains effective control over and accountability for property to ensure it is adequately safeguarded and used solely for authorized purposes.

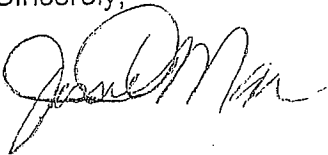
**Golden Sierra Response:** The Golden Sierra provided CRO with a CAP indicating that current staff are reviewing procedures and previous inventories to assess the locations and disposition of missing equipment. Furthermore, Golden Sierra provided CRO with documentation demonstrating the location and use of the monitor and the printers mentioned above.

**State Conclusion:** We consider this finding resolved.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is Golden Sierra's responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, federal and state regulations, and applicable state directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain Golden Sierra's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Ms. Mechelle Hayes at (916) 654-1292.

Sincerely,



JESSIE MAR, Chief  
Compliance Monitoring Section  
Compliance Review Office

cc: Gabriel Garcia, MIC 50  
Daniel Patterson, MIC 45  
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